

## Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 006501

61

ORIGIN EB-03

INFO OCT-01 ARA-06 ISO-00 INR-05 SS-14 L-01 SP-02 H-01

RSC-01 /034 R

DRAFTED BY EB/IFD/OIA:DHSTEBBING

APPROVED BY EB/IFD/OIA:RJSMITH

ARA/CEN:JSULLIVAN

----- 125647

P 102236Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY SAN JOSE PRIORITY

LIMITED OFFICIAL USE STATE 006501

STADIS//////////

LIMDIS

E.O. 11652: N/A

TAGS: EINV, CS

SUBJECT: MORTON B. TURBOW PROJECT

REF: SAN JOSE 4870

1. IN SEPARATE MESSAGE RESPONDING TO REFTEL, OPIC MAKES CASE THAT POLICY ON LAND ACQUISITION INVESTMENTS IN COSTA RICA WOULD NOT APPLY TO TURBOW PROJECT ON GROUNDS THAT HOUSING CONSTRUCTED WITH FUNDS FROM TURBOW'S MORTGAGE POOL WOULD BE SOLD ONLY TO COSTA RICANS. DEPARTMENT WOULD APPRECIATE YOUR CANDID EVALUATION OF THAT ARGUMENT AND YOUR VIEWS ON SEVERAL OTHER ASPECTS OF THE PROJECT THAT RAISE QUESTIONS. WE BELIEVE THAT IF THIS PROJECT SHOULD BE MODIFIED OR DISAPPROVED ON FOREIGN POLICY GROUNDS, THE DEPARTMENT SHOULD SO INFORM OPIC PROMPTLY.

2. POLICY ON LAND ACQUISITION INVESTMENTS: IF THE POINTS MADE BY OPIC ARE CORRECT, THE TURBOW PROJECT DOES NOT SEEM TO FALL UNDER THIS POLICY. WE WONDER, HOWEVER,  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 006501

WHETHER A MARKET EXISTS AMONG COSTA RICANS FOR THE EXPEN-

SIVE HOUSING OF MANSIONES DEL ROBLLEDAL AND WHETHER TURBOW WOULD IN FACT BE ABLE TO DISCRIMATE AMONG PURCHASERS BY NATIONALITY. OPIC POINTS OUT THAT IT WOULD NOT BE INVOLVED IN ANY FORECLOSURE PROCEEDINGS IN EVENT OF MORTGAGE DEFAULTS; BUT COULD TURBOW BECOME SO INVOLVED? IN ADDITION, WOULD EMBASSY CONSIDER THE PROJECT POLITICALLY

SENSITIVE EVEN IF IT DOES NOT FACILITATE ACQUISITION OF REAL PROPERTY BY FOREIGNERS?

3. USE OF U.S. SAVINGS AND LOAN FUNDS: THE FEDERAL HOME LOAN BANK BOARD (AN INDEPENDENT AGENCY WHICH REGULATES THE S AND L INDUSTRY, AS THE FEDERAL RESERVE BOARD REGULATES THE BANKING INDUSTRY) MUST GRANT APPROVAL IN ORDER FOR TURBOW TO UTILIZE S AND L FUNDS IN AN OFF-SHORE PROJECT. THE BOARD HAS INDICATED TO US INFORMALLY THAT IN LIGHT OF CONGRESSIONAL INTEREST, IT PLANS TO MAKE A DECISION IN A FEW WEEKS OR SOMEWHAT LONGER IF NEW INFORMATION BECOMES AVAILABLE. AT PRESENT THE BOARD IS NOT CERTAIN OF THE LEGALITY OF TURBOW'S PROPOSAL. IF THE BOARD DECIDES LEGAL ISSUE IN TURBOW'S FAVOR, IT MUST THEN CONSIDER SAFETY OF THE INVESTMENT FOR THE S AND L INDUSTRY AND THE AVAILABILITY OF S AND L FUNDS. ACCORDING TO A BOARD OFFICIAL, THE TURBOW PROJECT DOES NOT APPEAR MORE RISKY FOR S AND L INVESTORS THAN SIMILAR LOW-COST HOUSING GUARANTEE PROJECTS AND PROBABLY WILL NOT BE DISAPPROVED FOR REASONS OF RISK. APART FROM QUESTIONS OF LEGALITY AND RISK CONSIDERED BY THE FEDERAL HOME LOAN BANK BOARD, HOWEVER, THE DEPARTMENT HAS SOME MISGIVINGS ABOUT CHANNELING FUNDS FROM A DEPRESSED U.S. HOUSING INDUSTRY INTO UPPER CLASS HOUSING ABROAD.

4. DEVELOPMENT ASPECTS: IT IS NOT CLEAR FROM INFORMATION AVAILABLE THAT THE DEVELOPMENTAL ASPECTS ARE STRONG OR EVEN POSITIVE. WE WOULD APPRECIATE EMBASSY'S ASSESSMENT IN TERMS OF EMPLOYMENT AND PRESENT CONDITIONS IN COSTA RICAN CONSTRUCTION INDUSTRY, TAX BENEFITS, OR ANY OTHER ASPECT OF IMPACT ON DEVELOPMENT. WE NOTE THAT AID IS CONSIDERING A LOW-COST HOUSING PROJECT IN COSTA RICA. KISSINGER  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 006501

LIMITED OFFICIAL USE

NNN



## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, INVESTMENT GUARANTEES, REAL PROPERTY ACQUISITION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 JAN 1975  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975STATE006501  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** DHSTEBBING  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750011-0275  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750160/aaaacbbq.tel  
**Line Count:** 107  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** STADIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** STADIS  
**Reference:** 75 SAN JOSE 4870  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 08 SEP 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <08 SEP 2003 by ElyME>; APPROVED <20 OCT 2003 by MorefiRH>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MORTON B. TURBOW PROJECT  
**TAGS:** EINV, CS, OPIC, (TURBOW, MORTON B)  
**To:** SAN JOSE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006